

Code:19MBA3005

**SET-2**

**ADITYA INSTITUTE OF TECHNOLOGY AND MANAGEMENT, TEKKALI  
(AUTONOMOUS)**

**II MBA III Semester Regular Examinations, February, 2021**

**INVESTMENT ANALYSIS AND PORTFOLIO MANAGEMENT**

**Time: 3 Hrs**

**Max. Marks: 60**

**Answer any Five questions  
All questions carry EQUAL marks  
Question No. 8 is Compulsory**

1. a) Discuss difference between Investment, Speculation and Gambling with suitable examples 6M  
b) Explain primary and secondary markets and their significance - Discuss their role for Economic development of a country 6M
2. a) A Stock details for the past 4 years are as follows, 6M  

Year	beginning Price	end price	Dividend
1	100	110	2
2	110	115	3
3	115	125	2
4	125	140	1

Measure the following

  - i) Return of stock each year
  - ii) Average Return
  - iii) Risk of the stock using standard deviation  
b) Describe systematic and Unsystematic risk how diversification helps us to avoid unsystematic risk give valid reasons 6M
3. a) Elaborate different valuation models for equity shares and discuss dividend discount models in brief with suitable examples 6M  
b) Explain different steps for valuation of Bonds using intrinsic value approach with suitable example 6M
4. a) Fundamental analysis includes Economic, Industry and company analysis brief out each one and their significance 6M  
b) What do you mean by Technical analysis and discuss its importance and explain different techniques used in the technical analysis 6M
5. a) Discuss Charles Dow theory and its significance – discuss different constituents 6M  
b) Explain the following in the context of technical analysis 6M  
  - i) Head & Shoulders
  - ii) Moving Average Analysis
  - iii) Bar and line charts
6. a) Describe Efficient Market Hypothesis and discuss basic assumptions and examine three forms of Market Efficiency and their relevance 6M  
b) Describe Markowitz portfolio theory and its basic components for selection of portfolios- Discuss 6M

7. a) Explain Capital Asset pricing model and its significance and discuss the following i) Risk free rate ii) Beta iii) Market return iv) Security Market line 6M
- b) Describe the Arbitrage pricing theory and its constituents and explain how it is different from CAPM 6M

8. **CASE STUDY:** 12M

The following information related to three mutual funds

Fund	Return	Standard Deviation	Beta
P 146	0.5		
Q 16	10	0.75	
R 20	14	1.5	
Market Index	15	12	1.0

Risk free Rate of return =6%

Compute the following each fund

- i) Sharpe Ratio
- ii) Treynor Ratio
- iii) Jensen's Alpha

**Answer any Five questions  
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Question No. 8 is Compulsory**

- |    |    |   |    |
|----|----|---|----|
| 1. | a) | Elucidate the growth of employee relations in India in the light of present scenario.                         | 6M |
|    | b) | Explain the labour administration mechanism in India  | 6M |
| 2. | a) | Define Trade Union and what are the objectives of Trade Union?  | 6M |
|    | b) | Write a note on different national trade unions in India.   | 6M |
| 3. | a) | What are the recommendations of National Commission on Labour about the role of Trade Unions in India?        | 6M |
|    | b) | Write the important provisions of Trade Union Act, 1926.  | 6M |
| 4. | a) | Define Collective Bargaining and explain its role in maintaining industrial peace.                            | 6M |
|    | b) | Explain the pre-requisites for successful collective bargaining process.                                      | 6M |
| 5. | a) | Define industrial dispute, what are the statutory dispute settlement machinery under Industrial Disputes Act. | 6M |
|    | b) | What are the causes of Industrial Disputes in the industries?   | 6M |
| 6. | a) | Explain different types of benefits available to the employees' under the ESI Act.                            | 6M |
|    | b) | Explain Permanent Total Disablement and Permanent Partial Disablement.  | 6M |
| 7. | a) | How International Labour Organisation influence on Indian labour legislation?                                 | 6M |
|    | b) | How Industrial relations plays a major role in present technological change?                                  | 6M |

8. **CASE STUDY:**

12M

Ram and co is professionally managed company with a fair record of labour-management relations. Its headquarters are located in Kolkotta. It employed about 300 employees in three floors. One day a senior manager in the human resources department observed that a few women employees were washing their hands after lunch at the water cooler in the third floor. The manager immediately reported the matter to his supervisor, who got a notice put up and circulated it to all employees, It reads as follows:

“It was observed that some employees are washing their hands at the water cooler. Water coolers are meant for drinking water not for cleaning hands and utensils. Appropriate action will be taken against any one seen washing their hands or utensils at the water coolers”.

The same evening a few employees rushed into the concerned officer’s room and told him, “with no wash rooms and wash basins in the third floor and no lift in the building, what else do you expect us to do? Over the next few days more and more people started making liberal use of the water cooler for the purpose of washing their hands and even utensils. The subject was discussed over the next few days with passion, animation and animosity.

Questions:

1. Is the case above belongs to grievance or indiscipline? Give valid reasons.
2. Identify the root cause of the problem and give effective solution.

**Answer any Five questions  
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Question No. 8 is Compulsory**

1. What are the problems that organization can face in implementing strategic HR policies? 12
2. Discuss on “if organization implements effective HR strategies it increases its performance” 12
3. What are the Non-traditional investment Approaches? Explain. 12
4. How you arrange flexible working hours effectively to your employees. 12
5. What are the factors influencing international Compensation? 12
6. What is the role of international assignments in improving effectiveness of selection process? 12
7. Explain about Repatriation Process. 12

**8. CASE STUDY: 12**

Rakesh Iron and Steel Company is significant player in the Iron and steel industry. The company has a workforce of 18000 employees. With a 21% market share at the national level, it occupies the fourth position in the industry. The company set for itself an ambitious target of securing the third position in the three years, the second position in seven years, and industry leadership in 10 years. The management of Rakesh announced a major change in the business strategy of the company that would lead to the transformation of business operations. Indecently it prepared a blueprint for the company and choose product differentiation as its primary strategy for the future. It identified a few segments in the market like the low-value steel market where the competition was negligible. It decided to expand its product line with a focus on the consumers of these low-value products.

Pursuing this strategy, the management announced a slew of measures aimed at enhancing the width of the product line by adding a few more varieties to it. It made a huge investment commitment in the infrastructure for producing low value steel. Within in a remarkably short span of time, it introduced new products. The market responded favourably to its new products and the turnover and profit rose appreciably. However the competing companies understood the game plan of Rakesh quickly and reacted expanding their product line too. The advantage enjoyed by Rakesh turned out to be a short – lived one and the major players once again began to dominate the market.

Once the product differentiation efforts failed, the management of Rakesh changed its strategy and adopted a low-cost strategy. This required the organisation to be aggressive in sales promotion measures and diligent in cost reduction in fields like marketing, advertising services. The cost reduction measures could not help the company for two reasons. One, the cost of marketing did not have a significant influence on the price tag of the product. And two the cost reduction efforts had a negative fall-out on sales promotion ad also on the actual sales performance. Eventually, the company was forced to abandon its low-cost strategy endeavours.

When the company was almost clueless about its future strategies to accomplish the performance goals, Mr. Rajesh Sharma joined the board as the HR Director of the company. Learning about the Ill-fated strategy initiatives of the company, he made a proposal to develop the workforce of the company competitive advantage in the market. The board of directors greeted the proposal with suspicion and contempt. They could not believe that the employees could be developed into a formidable force for the organisation through proper HR measures and that in due course this would lead to cost reduction and quality enhancement. However, having no worthwhile alternative schemes, they set aside their reservations and approved the HR director's proposal. Simultaneously, the directors allowed a huge budgetary support for drastically improving the training infrastructure and the compensation packages. The HR director's proposal began to take shape and the management kept its fingers crossed.

1. What would have been the reason for the failure of the earlier strategies of Rakesh?
2. What would your proposal have been if you had been the HR director of the company?